

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2019 / 2020

ULK2612 – LAW OF BANKING

(All Sections / Groups)

9 JUNE 2020

Reading Time: 9.00 a.m. – 9.15 a.m.

(15 Minutes)

Answering Time: 9.15 a.m. – 12.15 p.m.

(3 Hours)

INSTRUCTIONS TO STUDENT

1. Students will have **fifteen minutes** during which they may read the paper and make rough notes **ONLY** in their question paper. Students then have the remaining **THREE HOURS** in which to answer the questions.
 2. This Question paper consists of 2 pages with 5 Questions only.
 3. Answer **ALL** Questions in **PART A** and choose **ONE (1)** Question in **PART B**. All questions carry equal marks and the distribution of the marks for each question is given.
 4. Students are allowed to bring in **CLEAN** and **ORIGINAL** of the following statutes into the examination venue:
 - (i) Bills of Exchange Act 1949 of Malaysia;
 - (ii) Financial Services Act 2013;
 - (iii) Anti Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001;
 - (iv) Contracts Act 1950; and
 - (v) Islamic Financial Services Act 2013.
- “Clean” is defined to include no tagging, no annotation either by the publisher or anyone else, and no erased marking. Highlighting and underlining are also prohibited.
5. Please write all your answers in the Answer Booklet provided.

PART A:
ANSWER ALL THE QUESTIONS

QUESTION 1

- (a) Explain the circumstances where the banker and customer relationship can be established.

(13 marks)

- (b) Discuss the statutory obligations of the bank when it comes to suspicious transaction.

(12 marks)

(Total: 25 marks)

QUESTION 2

Bright Eye Sdn. Bhd. (Bright Eye) opened an account at Strong Bank Berhad (SBB). The authorized cheque signatories were its three directors namely Jojo, Melvyn, and Ross. Bright Eye instructed that for cheques below the value of RM10,000/-, a single signatory would be sufficient. For cheques exceeding that value, two (2) signatories should be needed that is Jojo as a mandatory signatory together with any of the other directors.

Between 14 December 2019 and 5 February 2020, Berry, Jojo's trusted accounts clerk of over seven (7) years, forged Jojo's signature on ten (10) cheques payable to himself, totalling a value of RM60,000/-. The fraud was only discovered after Berry resigned from Bright Eye in March 2020. Upon discovering the fraud, Bright Eye immediately reported the matter to SBB and claimed payment on the unauthorized payments. SBB deny liability.

Demonstrate the liability of SBB, if any.

(Total:25 marks)

QUESTION 3

- (a) Illustrate how a bill is negotiated and the manner the bill is payable to order is negotiated.

(12 marks)

- (b) Joseph was the payee of a bill. He delivered it to Mason who had advanced money on the bill. Joseph forgot to indorse the bill and the absence of the indorsement was not noticed by Mason. Subsequently, the bill was dishonoured.

Identify Mason's option.

(13 marks)

(Total:25 marks)

Continued...

PART B:**ANSWER ANY ONE (1) QUESTION ONLY****QUESTION 4**

Mr Steward presents to ABC Bank a RM100,000/- cheque drawn on Teguh Bank crossed 'A/C Payee only' in favour of Steward Electronics Sdn. Bhd. for the credit of his personal account. ABC Bank credits Mr Steward's account upon the said cheque being cleared. Two months later, Steward Electronics Sdn. Bhd. claims from ABC Bank the sum of RM100,000/-.

Evaluate the liability of ABC Bank, if any.

(Total: 25 marks)

QUESTION 5

On 15 March 2019, ApexMan Sdn. Bhd. (AMSB) obtained overdraft facilities from Bank Besar Berhad (BBB) for RM3 million. This was guaranteed by Xavier, Andrew and Radmond the directors of AMSB. Later Xavier, the Executive Director of AMSB, unknown to Andrew and Radmond, negotiated further credit facilities up to RM3.5 million on the overdraft. Upon the company being unable to settle the credit facilities granted, BBB sued AMSB and the guarantors and obtained judgment in default against them. Xavier, Andrew and Radmond wish to set aside the judgement in default against them as guarantors.

Analyse the rights and liabilities as guarantors, if any on Xavier, Andrew and Radmond.

(Total: 25 marks)

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